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2005

PUBLISHED

ANNUAL FINANCIAL STATEMENTS

Ntambanana

LOCAL MUNICIPALITY

30 JUNE 2005



*Ntambanana Municipality
Municipal Offices
Private X 20066
Empangeni
3880*

NTAMBANANA LOCAL MUNICIPALITY 2005

INDEX 2005

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NTAMBANANA LOCAL MUNICIPALITY 2005

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Mr. SA Mpanza
Miss. Ntinga
Mr. EM Masuku

Mayor
Deputy Mayor

SPEAKER OF COUNCIL

Mr. LJ Nel

These members were elected as councilors on 5 December 2000 with the Local Government Elections.

GRADING OF NEW LOCAL MUNICIPALITY

Grade 1

AUDITORS :

The Auditor-General

BANKERS :

ABSA, SOUTH AFRICA

REGISTERED OFFICES

Municipal Building
Main Bhuchanana
Ntambanana

Private Bag X 20066
EMPANGENI
3800

Telephone: (035) 792 7093/0
Fax: (035) 792 7094

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 2 to 23 were approved by the Municipal Manager on 29 August 2005 and submitted to Council in 31 August 2005 for approval.

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER

NTAMBANANA LOCAL MUNICIPALITY 2005

COUNCILLOR INFORMATION

MEMBERS OF NTAMBANANA LOCAL MUNICIPALITY

WARD COUNCILLORS

Cllr. MB Magwaza (Ward 1)
Cllr. DF Xulu (Ward 2)
Cllr. MJ Mlawu (Ward 3)
Cllr. SNQ Nxumalo (Ward 4)
Cllr. EM Masuku (Ward 5)
Cllr. EM Chonco (Ward 6)
Cllr. LJ Nel (Ward 7)
Cllr. SA Mpanza (Ward 8)

PARTY REPRESENTATIVE

Cllr. SG Buthelezi
Cllr. VD Mthembu
Cllr. MB Majola
Cllr. DH Ntinga
Cllr. M Buthelezi
Cllr. M Xulu
Cllr. ME Masuku

NTAMBANANA LOCAL MUNICIPALITY 2005

FOREWORD

The foreword will be done by the Mayor, and is to be included in the consolidated financial statements for the Ntambanana Local Municipality.

NTAMBANANA LOCAL MUNICIPALITY 2005

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NTAMBANANA LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2005

The report will be included once the audit is completed by the Office of the Auditor-General.

NTAMBANANA LOCAL MUNICIPALITY 2005

CHIEF FINANCIAL OFFICER'S REPORT

The following report consists of a summary of the 2003/2005 income and expenditure. It is my privilege to present the 2005 Financial statements for the Ntambanana Local Municipality

1. OPERATING RESULTS

Details of the operating results per department and classification of Income and expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2005 are as follows:

| INCOME | Actual 2004 R | Actual 2005 R | Variance 2004/2005 % | Budget 2005 R | Variance Actual / Budget % |
|-----------------------------------|---------------------|---------------------|----------------------------|---------------------|-------------------------------------|
| Opening surplus | 3,770,118 | 4,375,303 | | | |
| Operating Income for the year | 6,763,121 | 9,086,144 | 25.57% | 7,483,640 | 21.41% |
| Closing deficit | - | - | | | |
| | 10,533,239 | 13,461,447 | | 7,483,640 | |
| EXPENDITURE | | | | | |
| Opening deficit | - | - | | | |
| Expenditure for the year | 6,178,765 | 9,820,399 | 37.08% | 7,471,670 | -31.44% |
| Prior year adjustment (20,829) | | | | | |
| Closing surplus | 4,375,303 | 3,619,770 | | 11,970 | |
| | 10,533,239 | 13,440,169 | | 7,483,640 | |

1.1 Rate and General Services

Rate Services

| | Actual 2004 R | Actual 2005 R | | Budget 2005 R | Variance Actual / Budget % |
|--|---------------------|---------------------|--|---------------------|-------------------------------------|
| Income | 6,763,121 | 9,086,144 | | 7,483,640 | 21.41% |
| Expenditure | 6,178,765 | 9,820,399 | | 7,471,670 | -31.44% |
| Surplus / (Deficit) | 584,356 | (734,255) | | 11,970 | |
| Surplus / (Deficit) as % of income | 8.64% | -8.08% | | 0.16% | |

NTAMBANANA LOCAL MUNICIPALITY 2005

2. CAPITAL EXPENDITURE

Detail of capital expenditure (budget and actual) per department and service are included in appendix B.

| | 2005 Actual R | 2005 Budget R | | 2004 Actual R |
|---------------------------------|---------------------|---------------------|--|---------------------|
| Infrastructure (Building) | 10,066 | - | | 1,141,460 |
| Vehicles | 192,229 | - | | 373,333 |
| Furniture; Equipment; Machinery | 63,818 | - | | 129,993 |
| Office Furniture | 22,512 | - | | 164,749 |
| | 288,625 | - | | 1,809,535 |

Capital acquisition is financed as follows:

| | 2005 Actual R | 2005 Budget R | | 2004 Actual R |
|---------------------------|---------------------|---------------------|--|---------------------|
| Public Improvement Fund | - | - | | - |
| Contributions from income | - | - | | 20,000 |
| CDF - Internal advance | - | - | | - |
| Grants | 288,625 | - | | 1,789,535 |
| | 288,625 | - | | 1,809,535 |

3. EXTERNAL LOANS, INVESTMENTS AND CASH

The municipality is now fully responsible for its funds, whereas in the past some grants were held by the district. The council approved cash investments policies in December and we are now able to invest any cash not currently used. We only invested in Call Deposit and Short-term Deposit. No external loans were taken up by the municipality in the financial year. And there are no external commitments for the municipality. No funds of the municipality were offered as surety in any way.

Investments and cash on hand is as follows:

| | 2005 | 2004 |
|--------------|------------------|------------------|
| Investments | 6,631,215 | 4,000,000 |
| Cash on hand | (1,231) | 500 |
| Cash in Bank | 45,966 | 2,578,125 |
| | <u>6,675,950</u> | <u>6,578,625</u> |

4. FUNDS AND RESERVES

The balance in the Capital Development Fund is R0 (R0 in 2005). See financial policies for reasons.

The Public Improvement Fund stands at R0 (R0 in 2005).

More information relating to funds and reserves are shown in notes 1 to the financial statements and in appendix A.

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5. EXPRESSION OF APPRECIATION

I wish to thank the support staff of Ntambanana Local Municipality for the support they have given me in preparation of the 2005 financial statements.

NTAMBANANA LOCAL MUNICIPALITY 2005

ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - (i) Income is accrued when available to finance operations. Certain direct income is accrued when received and /or when the amount can be measured with certainty.
 - (ii) Expenditure is accrued in the year it is incurred.

2 CONSOLIDATION

The financial statements include Rate and General Services, Water and various funds, reserves and provisions. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage and water, which are treated as income and expenditure in the respective departments.

3 FIXED ASSETS

- 3.1 *Fixed assets are stated:*
 - (i) at historical cost, or
 - (ii) at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2 *Depreciation*

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

 - (i) Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - (ii) Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other capital Receipts" account.
- 3.3 Net proceeds from the sale of all assets are credited to the Capital Development Fund to be available to finance future projects.

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- 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and financial advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4 FUNDS, RESERVES AND PROVISIONS

4.1 *Capital Development Fund*

The Local Government Ordinance, Natal, No. 25 of 1974, requires a minimum contribution of 3,0% of the defined income of a local authority for the immediately preceding financial year. However since this is only the second year of the newly created municipality, and the only funds are grants received from the Provincial Government and from uThungulu District Municipality, together with interest earned on these funds, no contribution is made for this period as it will put the council in a deficit position.

4.2 *Public Improvement Fund*

The Public Improvement Fund provides funding for future township development. All development costs as defined in section 103 (3)(d) of the Local Government Ordinance, Natal, No. 25 of 1974, are debited against the fund. All proceeds from the sale of developed land are credited as income for the fund.

4.3 *Working Capital*

Appropriations are made on an annual basis from accumulated surpluses to the reserves account.

4.4 *Leave Stabilization Provision*

The provision is based on the leave accumulated as at the end of the financial year at full cost of employing the employee.

4.5 *Bad Debt Provision*

A provision equal to the anticipated risk as at 30 June annually is provided for. Contributions or reductions are debited and credited to the applicable accumulated funds accounts. There is currently no consumer debtors for this municipality and the uThungulu debtor is secured.

5 RETIREMENT BENEFITS

Ntambanana Local Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956.

Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed at least every three years.

6 SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operations of the Electricity, Refuse and Sewer Services are transferred to Rate and General Services. The Water- and Housing Services however, is a closed accounts and therefore any surplus or deficit is retained in that service for its own use.

NTAMBANANA LOCAL MUNICIPALITY 2005

7 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

The re-allocation is annually approved with the budget, and there was no changes from the previous year.

8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and the invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974) and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

9 INCOME RECOGNITION

9.1 *Water Billings.*

The water service is the function of Uthungulu and they are also responsible for all collections.

9.2 *Assessment Rates*

Assessment rates are not currently levied within the municipality as the municipality is 100% rural and where there are commercial farmers they will have to be phased in as per the Property Rates Bill.

NTAMBANANA LOCAL MUNICIPALITY 2005

BALANCE SHEET AS AT 30 JUNE 2005

| | Note | 2005 R | 2004 R |
|------------------------------|------|------------------|------------------|
| CAPITAL EMPLOYED | | | |
| FUNDS AND RESERVES | | 3,340,498 | 2,039,318 |
| Statutory Funds | | - | - |
| Reserves | 1 | 3,340,498 | 2,039,318 |
| RETAINED SURPLUS | 7 | 3,619,770 | 4,375,303 |
| | | <u>6,960,268</u> | <u>6,414,621</u> |
| | | <u>6,960,268</u> | <u>6,414,621</u> |
| EMPLOYMENT OF CAPITAL | | | |
| FIXED ASSETS | 2 | - | - |
| INVESTMENTS | 4 | 6,631,215 | 4,000,000 |
| LONG TERM DEBTORS | 3 | 3,356 | 3,356 |
| | | <u>6,634,571</u> | <u>4,003,356</u> |
| NET CURRENT ASSETS | | 325,697 | 2,411,265 |
| CURRENT ASSETS | | 859,087 | 2,904,113 |
| Debtors | 5 | 814,352 | 325,488 |
| Cash | 12 | 44,735 | 2,578,625 |
| CURRENT LIABILITIES | | 533,390 | 492,848 |
| Provisions | | 82,468 | 104,145 |
| Creditors | 6 | 450,922 | 388,703 |
| | | <u>6,960,268</u> | <u>6,414,621</u> |
| | | (0) | - |

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

| 2004 Actual income R | 2004 Actual expenditure R | 2004 Surplus / (Deficit) R | | 2005 Actual income R | 2005 Actual expenditure R | 2005 Surplus / (Deficit) R | 2005 Budget Surplus / (Deficit) R |
|--|------------------------------------|-------------------------------------|-----------------------|-------------------------------|------------------------------------|-------------------------------------|---|
| RATES AND GENERAL SERVICES | | | | | | | |
| 6,763,121 | 6,178,765 | 584,356 | | 9,086,144 | 9,820,399 | -734,255 | 2,327 |
| 6,763,121 | 6,178,765 | 584,356 | Executive and Council | 9,086,144 | 9,820,399 | (734,255) | 2,327 |
| - | - | - | Financial Services | - | - | - | - |
| - | - | - | Corporate Services | - | - | - | - |
| - | - | - | Technical Services | - | - | - | - |
| - | - | - | TRADING SERVICES | - | - | - | - |
| <u>6,763,121</u> | <u>6,178,765</u> | <u>584,356</u> | TOTAL | <u>9,086,144</u> | <u>9,820,399</u> | <u>(734,255)</u> | <u>2,327</u> |
| Appropriations for the year | | | | | | | |
| 387,574 00/04 Vat Reconciliation adjustments | | | | | | | |
| (366,745) 00/04 Vat Reconciliation | | | | | | | |
| <u>605,185</u> Net surplus/(deficit) for the year | | | | | | | |
| (734,255) | | | | | | | |
| Accumulated surplus / (deficit) at the beginning of the year | | | | | | | |
| 3,770,118 | | | | | | | |
| 4,375,303 | | | | | | | |
| Prior year adjustment | | | | | | | |
| (21,278) | | | | | | | |
| ACCUMULATED SURPLUS/ DEFICIT AT THE | | | | | | | |
| <u>4,375,303</u> END OF THE YEAR | | | | | | | |
| <u>3,619,770</u> | | | | | | | |

(Refer to appendices D and E for more information)

NTAMBANANA LOCAL MUNICIPALITY 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

| | Note | 2005 R | 2004 R |
|--|------|-----------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | 385,950 | 3,167,254 |
| Cash generated from operations | 11 | 360,367 | 590,357 |
| Investment Income | 9 | 452,228 | 358,397 |
| (Increase)/Decrease in working capital | 13 | (426,646) | 2,218,500 |
| | | 385,950 | 3,167,254 |
| Less: External interest paid | | - | - |
| Cash available from operations | | 385,950 | 3,167,254 |
| Contributions by Public or Government | | - | - |
| CASH UTILIZED IN INVESTING ACTIVITIES | | | |
| Proceeds/Loss from the sale of assets | | - | - |
| Purchase of property, plant and equipment | | (288,625) | (1,809,534) |
| Movement in long-term debtors | | - | 40,258 |
| NET CASH FLOW | | <u>97,325</u> | <u>1,397,978</u> |
| CASH EFFECTS OF FINANCING ACTIVITIES | | | |
| New loans repaid | | - | - |
| Increase/Decrease in consumer deposits | | - | - |
| Decrease/(Increase) in cash | 12 | 2,533,890 | 2,602,022 |
| Decrease/(Increase) in investments | 4 | (2,631,215) | (4,000,000) |
| | | - | - |
| NET CASH GENERATED | | <u>(97,325)</u> | <u>(1,397,978)</u> |
| | | 0 | - |

NTAMBANANA LOCAL MUNICIPALITY 2005

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

| | 2005 R | 2004 R |
|--|------------------|------------------|
| 1 RESERVES | | |
| Administrative Capacity | 378 | 378 |
| Anti-corruption (Project Consolidate) | 134,500 | - |
| Capacity Support Grant | 607,714 | 155,421 |
| Ceramic Project Fund | 510 | 510 |
| Communication Grant | 36,633 | 36,633 |
| Councillors Allowances | 25,157 | 25,157 |
| OTLG- Financial Structure | 320,000 | - |
| Establishment Grant (Phase 1) | 478,708 | 337,782 |
| Establishment Grant (Phase 2) | (289,535) | 120,759 |
| GIS Grant Fund | 32,864 | 32,864 |
| Housing Grant | 13,941 | - |
| IDP Grant | 73,900 | 73,900 |
| IDP Grant Phase 1 | 22,491 | 22,491 |
| IDP Grant Phase 2 | 37,961 | 100,000 |
| Interdepartmental Monitoring | 60,000 | - |
| Management Assistance Programme | 500,000 | - |
| MSIP | 129,216 | 129,216 |
| Municipal Finance Management Grant | 121,283 | - |
| PMS Grant Fund | 43,554 | 76,108 |
| Property Rates Act | 63,125 | - |
| Transitional Grant | 928,099 | 928,099 |
| | <u>3,340,498</u> | <u>2,039,318</u> |
| (Refer to appendix A for more detail) | | |
| 2 FIXED ASSETS | | |
| Fixed assets at the beginning of the year | 4,465,918 | 2,876,683 |
| Capital outlay | 288,625 | 1,809,535 |
| Less : Assets written off, transferred or disposed of during the year | - | (220,300) |
| Total fixed assets | <u>4,754,543</u> | <u>4,465,918</u> |
| Less : Loans redeemed and other capital receipts | <u>4,754,543</u> | <u>4,465,918</u> |
| Net fixed assets | <u>-</u> | <u>-</u> |
| (Refer to appendix C for more detail) | | |
| 3 LONG TERM DEBTORS | | |
| Deposits | - | - |
| Vehicle loans : Staff | 3,356 | 251,000 |
| Vehicle loans : Staff | - | 43,614 |
| | <u>3,356</u> | <u>294,614</u> |
| Voluntary Settlement of Long-term debtors | - | (213,265) |
| Current year Repayments | - | (34,379) |
| Less : Short term portion transferred to current assets | - | (43,614) |
| | <u>-</u> | <u>(291,258)</u> |
| | <u>3,356</u> | <u>3,356</u> |
| 4 INVESTMENTS | | |
| Unlisted | | |
| Short-term fixed deposit | 2,030,330 | 3,000,000 |
| Short-term fixed deposit | 3,500,000 | - |
| Call deposits | 1,100,885 | 1,000,000 |
| | <u>6,631,215</u> | <u>4,000,000</u> |
| Less : Short term portion transferred to current assets | - | - |
| | <u>6,631,215</u> | <u>4,000,000</u> |
| Management valuation of unlisted deposits | | - |
| Average return on investment | 7.18% | 7.18% |
| No investments were written off during the year or offered as security | | |

NTAMBANANA LOCAL MUNICIPALITY 2005

5 DEBTORS

| | | |
|---|----------------|----------------|
| Current debtors : Consumer and others | 180,559 | 137,872 |
| Short-term portion of long-term debtors | - | 43,614 |
| Accrued Interest | 359,972 | 138,868 |
| SARS:Vat Input | 269,140 | - |
| Salary Suspense | 4,682 | 5,134 |
| Uthungulu District Municipality | - | - |
| | <u>814,352</u> | <u>325,488</u> |
| Less : Provision for bad debts | - | - |
| | <u>814,352</u> | <u>325,488</u> |

6 CREDITORS

| | | |
|-----------------------------|----------------|----------------|
| Trade creditors | 273,288 | 211,069 |
| Deposits : Other | - | - |
| Salary Suspense | - | - |
| Uthungulu District Creditor | 177,634 | 177,634 |
| | <u>450,922</u> | <u>388,703</u> |

7 COUNCILOR REMUNERATION

| | | |
|----------------------|----------------|----------------|
| Mayors allowance | 39,275 | 33,391 |
| Councilor allowances | 507,713 | 453,241 |
| | <u>546,988</u> | <u>486,632</u> |

8 AUDITORS REMUNERATION

| | | |
|------------|----------------|---------------|
| Audit fees | <u>123,678</u> | <u>60,000</u> |
|------------|----------------|---------------|

9 FINANCE TRANSACTIONS

| | | |
|--|----------------|----------------|
| Total external interest earned or paid | | |
| Interest earned | 452,228 | 327,062 |
| Interest paid | - | - |
| Total Internal Interest earned | | |
| Internal loans | - | 31,335 |
| Redemption : Internal | - | - |
| Contribution to redemption fund | - | - |
| | <u>452,228</u> | <u>358,397</u> |

NTAMBANANA LOCAL MUNICIPALITY 2005

10 APPROPRIATIONS

Appropriation account

| | | |
|--|------------------|------------------|
| Accumulated surplus at the beginning of the year | 4,375,303 | 3,770,118 |
| Operating surplus / (deficit) for the year | (734,255) | 584,356 |
| Appropriations for the year | (21,278) | 20,829 |
| - Operating transactions | - | - |
| -00/04 Vat Reconciliation | - | 387,574 |
| -Prior Adjustment (VAT) | - | (366,745) |
| -Prior Adjustment | (21,278) | - |
| Accumulated surplus / (deficit) at the end of the year | <u>3,619,770</u> | <u>4,375,303</u> |

Operating account

| | | |
|---|------------------|------------------|
| Contributions to capital outlay | - | 20,000 |
| Provisions | 102,000 | 60,000 |
| Contributions from accumulated funds to : | | |
| Working capital | - | - |
| GIS Grant Funding | - | 70,000 |
| Ceramic Project Fund | - | 150,000 |
| MSIP | - | 88,000 |
| PMS Grant Fund | 50,000 | 110,000 |
| IDP Grant | 50,000 | 100,000 |
| Capacity Support Grant | 645,000 | 441,000 |
| DTLG- Financial Structure | 320,000 | - |
| Project Consolidate | 134,500 | - |
| MAP | 500,000 | - |
| Property Rates Act Implementation | 63,125 | - |
| Interdepartmental monitoring | 60,000 | - |
| MFMA- National Treasury | 250,000 | - |
| Housing Department | 158,520 | - |
| Contributions from operating account to : | | |
| Capital Development Fund | - | - |
| | <u>2,333,145</u> | <u>1,039,000</u> |
| The accumulated surplus at the end of the year is as follows: | | |
| - Rate and General Services | 3,619,770 | 4,375,303 |
| - Water | - | - |
| | <u>3,619,770</u> | <u>4,375,303</u> |

11 CASH GENERATED FROM OPERATIONS

| | | |
|--|----------------|----------------|
| Surplus / (Deficit) for the year | (734,255) | 584,355 |
| Adjustments in respect of the previous year | (21,278) | 20,829 |
| Adjustments for:- | 2,333,145 | 1,132,894 |
| -Depreciation | - | - |
| -Contributions to reserves | 2,231,145 | 959,000 |
| -Contributions to Fixed Assets | - | 20,000 |
| -Internal Interest | - | 93,894 |
| -Contributions to provisions | 102,000 | 60,000 |
| Operating surplus/deficit before working capital changes | 1,577,612 | 1,738,079 |
| Contributions by Public or Government | - | - |
| Investment Income | (452,228) | (358,397) |
| Income (contributions) credited against funds and reserves | (765,016) | (789,325) |
| Cash generated by operations | <u>360,367</u> | <u>590,357</u> |

NTAMBANANA LOCAL MUNICIPALITY 2005

12 (I) (ASE) / DECREASE IN CASH ON HAND

| | | |
|--|------------------|------------------|
| Cash balance at the beginning of the year | 2,578,625 | 5,180,647 |
| - Cash on hand | 500 | 500 |
| - Cash in bank | 2,578,125 | 5,180,147 |
| Less : Cash balance at the end of the year | 44,735 | 2,578,625 |
| - Cash on hand | (1,231) | 500 |
| - Cash in bank | 45,966 | 2,578,125 |
| | <u>2,533,890</u> | <u>2,602,022</u> |

13 (INCREASE)/DECREASE IN WORKING CAPITAL

| | | |
|----------------------------------|------------------|------------------|
| Decrease/(Increase) in debtors | (488,864) | 2,040,205 |
| Increase/(Decrease) in creditors | 62,219 | 178,295 |
| | <u>(426,646)</u> | <u>2,218,500</u> |

14 (INCREASE)/DECREASE IN CASH INVESTMENTS

| | | |
|----------------------|--------------------|--------------------|
| Investments made | (3,631,215) | (4,000,000) |
| Investments realized | 1,000,000 | - |
| | <u>(2,631,215)</u> | <u>(4,000,000)</u> |

15 RETIREMENT BENEFITS

Currently the staff compliment comprises the contract staff who does not have any benefit, The other staff that were inherited from the government are the members of the Government Employees Pension Fund (GEPP)

The staff members are the members or Natal Joint Municipal Pension Fund.

16 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and awarded
- Approved

| | |
|---|---|
| - | - |
| - | - |
| - | - |

The expenditure will be financed as follows:

- Internal funds
- External funds
 - Provincial Government Grant
 - Regional Council Grant

| | |
|---|---|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

NTAMBANANA LOCAL MUNICIPALITY 2005

APPENDIX A

STATUTORY FUNDS, RESERVES, TRUST FUNDS AND PROVISIONS

| | Balance at 30/06/2004 R | Contributions during the year R | Interest on investments R | Other income R | R | Operational expenditure during the year R | Capital expenditure during the year R | Balance at 30/06/2005 R |
|----------------------------------|-------------------------------|--|------------------------------------|----------------------|----------|---|---|-------------------------------|
| RESERVES | | | | | | | | |
| Administrative Capacity | 378 | - | - | - | - | - | - | 378 |
| Anti-corruption | - | 134,500 | - | - | - | - | - | 134,500 |
| Capacity Support Grant | 155,421 | 645,000 | - | - | - | (192,707) | - | 607,714 |
| Ceramic Project Fund | 510 | - | - | - | - | - | - | 510 |
| Communication Grant | 36,633 | - | - | - | - | - | - | 36,633 |
| Councillors Allowances | 25,157 | - | - | - | - | - | - | 25,157 |
| DTLGA - Financial Structure | - | 320,000 | - | - | - | - | - | 320,000 |
| Establishment Grant (Phase 1) | 337,782 | - | - | 155,497 | - | - | (14,571) | 478,708 |
| Establishment Grant (Phase 2) | 120,759 | - | - | - | - | (169,292) | (241,002) | (289,535) |
| GIS Grant Fund | 32,864 | - | - | - | - | - | - | 32,864 |
| Housing Grant | - | 158,520 | - | - | - | (144,579) | - | 13,941 |
| IDP Grant | 73,900 | - | - | - | - | - | - | 73,900 |
| IDP Grant Phase 1 | 22,491 | - | - | - | - | - | - | 22,491 |
| IDP Grant Phase 2 | 100,000 | 50,000 | - | - | - | (112,039) | - | 37,961 |
| Interdepartmental Monitoring | - | 60,000 | - | - | - | - | - | 60,000 |
| Management Assistance Program | - | 500,000 | - | - | - | - | - | 500,000 |
| MSIP | 129,216 | - | - | - | - | - | - | 129,216 |
| Municipal Finance Management Gri | - | 250,000 | - | - | - | (95,665) | (33,052) | 121,283 |
| PMS Grant Fund | 76,108 | 50,000 | - | - | - | (82,555) | - | 43,554 |
| Property Rates Act | - | 63,125 | - | - | - | - | - | 63,125 |
| Transitional Grant | 928,099 | - | - | - | - | - | - | 928,099 |
| | <u>2,039,318</u> | <u>2,231,145</u> | <u>-</u> | <u>155,497</u> | <u>-</u> | <u>(796,836)</u> | <u>(288,625)</u> | <u>3,340,498</u> |
| TRUST FUNDS | | | | | | | | |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| PROVISIONS | | | | | | | | |
| Leave | - | - | - | - | - | - | - | - |
| Audit fees | 104,145 | 102,000 | - | - | - | (123,677) | - | 82,468 |
| | <u>104,145</u> | <u>102,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(123,677)</u> | <u>-</u> | <u>82,468</u> |

NTAMBANANA LOCAL MUNICIPALITY 2005

APPENDIX B

ANALYSIS OF FIXED ASSETS

| Expended 2004 R | | Budget 2005 R | Balance at 30/06/2004 R | Vat Recon 00/04 R | Expenditure 2005 R | Written off, transferred, redeemed or disposed of during the year R | Balance at 30/06/2005 R |
|-----------------------|---|---------------------|-------------------------------|----------------------------|--------------------------|---|-------------------------------|
| 1,809,535 | RATES AND GENERAL | - | 4,465,918 | - | 288,625 | - | 4,754,543 |
| 1,809,535 | Rates and General Services | - | 4,465,918 | - | 288,625 | - | 4,754,543 |
| - | Administration | - | - | - | - | - | - |
| 1,141,460 | Land and Buildings | - | 2,756,652 | - | 10,066 | - | 2,766,718 |
| 373,334 | Vehicles | - | 832,720 | - | 192,229 | - | 1,024,949 |
| 129,993 | Furniture; Equipment; Machinery | - | 436,684 | - | 63,818 | - | 500,502 |
| 164,748 | Office Equipment | - | 439,862 | - | 22,512 | - | 462,374 |
| 1,809,535 | TOTAL FIXED ASSETS | - | 4,465,918 | - | 288,625 | - | 4,754,543 |
| 1,809,535 | LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS | - | 4,465,918 | - | 288,625 | - | 4,754,543 |
| 0 | Loans redeemed and advances paid | - | - | - | - | - | - |
| 20,000 | Contributions ex operating income | - | 525,309 | - | - | - | 525,309 |
| 0 | Public contributions | - | - | - | - | - | - |
| 1,789,535 | Grants and Subsidies | - | 3,940,609 | - | 288,625 | - | 4,229,234 |
| - | NET FIXED ASSETS | - | - | - | - | - | - |

NTAMBANANA LOCAL MUNICIPALITY 2005

APPENDIX C

ANALYSIS OF FIXED ASSETS BY DEPARTMENTAL AND SERVICE CLASSIFICATION

| Expended 2004 R | | Budget 2005 R | Balance at 30/06/2004 R | Vat Recon 00/04 R | Expenditure 2005 R | Written off, transferred, redeemed or disposed of during the year R | Balance at 30/06/2005 R |
|-----------------------|---|---------------------|-------------------------------|----------------------------|--------------------------|---|-------------------------------|
| 1,809,534 | RATE AND GENERAL | - | 4,465,917 | - | 288,625 | - | 4,754,543 |
| 1,809,534 | Rate and General Services | - | 4,465,917 | - | 288,625 | - | 4,754,543 |
| 1,809,534 | Executive and Council | - | 4,352,649 | - | 288,625 | - | 4,641,274 |
| - | Financial Services | - | 11,389 | - | - | - | 11,389 |
| - | Corporate Services | - | 17,791 | - | - | - | 17,791 |
| - | Technical Services | - | 84,089 | - | - | - | 84,089 |
| 1,809,534 | TOTAL FIXED ASSETS | - | 4,465,917 | - | 288,625 | - | 4,754,543 |
| 1,809,534 | LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS | - | 4,465,917 | - | 288,625 | - | 4,754,542 |
| 0 | Loans redeemed and advances paid | - | - | - | - | - | - |
| 20,000 | Contributions ex operating income | - | 525,309 | - | - | - | 525,309 |
| 0 | Public contributions | - | - | - | - | - | - |
| 1,789,534 | Grants and Subsidies | - | 3,940,608 | - | 288,625 | - | 4,229,233 |
| - | NET FIXED ASSETS | - | 0 | - | - | - | 0 |

NTAMBANANA LOCAL MUNICIPALITY 2005

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

| 2004 R | | 2005 Actual R | 2005 Budget R |
|-----------|----------------------------------|---------------------|---------------------|
| | INCOME | | |
| 6,311,475 | Government and Provincial Grants | | |
| 5,352,475 | and subsidies | 8,387,949 | 6,727,000 |
| - | - Equitable Share | 6,156,804 | 6,157,000 |
| 621,000 | - National Government | 250,000 | 250,000 |
| 338,000 | - Provincial Government | 1,822,625 | 320,000 |
| 93,249 | - Housing | 158,520 | - |
| - | - District Council | - | - |
| 358,397 | Operating income | 245,967 | 45,000 |
| 6,763,121 | Profit/Loss on Sale of Assets | - | - |
| | Interest earned | 452,228 | 1,719,462 |
| | | <u>9,086,144</u> | <u>8,491,462</u> |
| | EXPENDITURE | | |
| 2,535,744 | Salaries, Wages and Allowances | 2,775,359 | 3,422,348 |
| 486,632 | Council Remuneration | 622,156 | 766,463 |
| 1,906,984 | General Expenditure | 3,975,500 | 2,208,766 |
| 174,324 | Repairs and Maintenance | 114,239 | 222,580 |
| 20,000 | Contributions to Capital Outlay | - | 15,000 |
| 96,082 | Contributions | 102,000 | 188,305 |
| 959,000 | Contributions to reserves | 2,231,145 | - |
| 6,178,766 | Gross expenditure | 9,820,399 | 6,823,462 |
| 6,178,766 | Net expenditure | <u>9,820,399</u> | <u>6,823,462</u> |
| 584,355 | Surplus/(Deficit) | <u>(734,255)</u> | <u>1,668,000</u> |

NTAMBANANA LOCAL MUNICIPALITY 2005

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

| 2004 Actual income R | 2004 Actual expenditure R | 2004 Surplus / (Deficit) R | | 2005 Actual income R | 2005 Actual expenditure R | 2005 Surplus / (Deficit) R | 2005 Budget Surplus / (Deficit) R |
|--|------------------------------------|-------------------------------------|-----------------------|-------------------------------|------------------------------------|-------------------------------------|---|
| RATE AND GENERAL SERVICES | | | | | | | |
| 6,763,121 | 6,178,765 | 584,356 | | 9,086,144 | 9,820,399 | (734,255) | 2,327 |
| 6,763,121 | 6,178,765 | 584,356 | Community Services | 9,086,144 | 9,820,399 | (734,255) | 2,327 |
| 6,763,121 | 6,178,765 | 584,356 | Executive and Council | 9,086,144 | 7,020,823 | 2,065,321 | 2,327 |
| - | - | - | Financial Services | - | 887,334 | (887,334) | - |
| - | - | - | Corporate Services | - | 828,955 | (828,955) | - |
| - | - | - | Technical Services | - | 1,083,287 | (1,083,287) | - |
| - | - | - | | - | - | - | - |
| - | - | - | TRADING SERVICES | - | - | - | - |
| - | - | - | Water | - | - | - | - |
| 6,763,121 | 6,178,765 | 584,356 | TOTAL | 9,086,144 | 9,820,399 | (734,255) | 2,327 |
| 387,574 00/04 Vat Reconciliation adjustments | | | | - | | | |
| (366,745) VAT | | | | | | | |
| 605,185 Net surplus / (deficit) for the year | | | | (734,255) | | | |
| Accumulated surplus / (deficit) at the beginning | | | | | | | |
| 3,770,118 of the year | | | | 4,375,303 | | | |
| Prior year adjustment | | | | (21,278) | | | |
| ACCUMULATED SURPLUS (DEFICIT) AT THE END | | | | | | | |
| 4,375,303 OF THE YEAR | | | | 3,619,770 | | | |